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REGULATORY REFORM AND OVERSIGHT

Opening Statement of Congressman Ed Case (Hawaii, Second)

U.S. House of Representatives Committee on Agriculture
Subcommittee on Conservation, Credit, Rural Development, and Research
Field Hearing to Review Agricultural Conservation Programs
University of Hawai'i Komohana Agriculture Complex
875 Komohana Street, Hilo, Hawai'i

Thursday, April 8, 2004
9:30 am

Chair Lucas and fellow members of the Subcommittee:

Aloha, and welcome to our beautiful and proud Fiftieth State and to my hometown of Hilo!

First and foremost, to both you and our full House Agriculture Committee Chair, Bob Goodlatte, mahalo nui loa (thank you very much) for bringing our Subcommittee here to understand and evaluate the conservation challenges and opportunities facing Hawaii agriculture, in both our uniqueness and our status as a microcosm for agriculture throughout our country. We have both many needs and much to offer, and I want to provide the Subcommittee with an overview of the issues I look forward to being addressed in today's hearing.

Overview. Hawaii agriculture, inclusive of ranching, has a long and productive history and, with proper attention and focus, a bright future. The indigenous peoples of these islands, the Native Hawaiians, developed one of the most productive and efficient agriculture-based societies of the entire old world. They did not have the option of moving on when one production area was depleted, and so they became heavily reliant on, and in fact perfected, such basic conservation principles as crop rotation and sustainable water and land use.

The post-contact period after 1778 saw the introduction of cattle and other livestock to the islands, giving rise to the large ranches such as Parker Ranch on this island and Ulupalakua Ranch on Maui that survive to the present. And the 1800s and the next century saw the rise of sugar, the largest scale crop in Hawaii's history, and pineapple,

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the second largest, and an associated centralization of land ownership that also survives to the present.

Recent decades have seen a major transition in Hawaii agriculture. The demise of outright price supports for sugar and other factors ended production on all but two islands. Increased foreign competition and other factors lead to a reduction of canned pineapple production. Ranches faced increasing costs in transportation, processing and other factors. And all Hawaii agriculture has faced increased competing land use demands from widespread urbanization.

Yet this transition has also produced opportunities. Overall, while we previously took agriculture for granted, there today the recognition that we must work collectively to preserve and enhance it. Our state legislature is today debating how to give effect to our state constitutional mandate that we preserve our prime agricultural lands. Sugar, once counted out altogether, remains a vital part of the economies of the Islands of Maui and Kauai, and is moving toward what I believe can be its next reincarnation as a prime producer of ethanol and related energy products. Pine, similarly written off, has moved with force into a fresh specialty crop niche. Ranching has operated much more effectively in advocating its needs collectively. And diversified specialty crops ranging from coffee to papaya and cut flowers and many more have seen the most rapid overall growth of any segment of Hawaii agriculture over the last decade or so.

Yet the overall future of Hawaii agriculture remains tied to what our federal government does and doesn't do in both overall agricultural programs and those directed at or with disproportionate impact on Hawaii. Overall agricultural support and quota programs can make the difference between survival and failure, as can the specific terms and conditions of free trade agreements with specific countries. Federal efforts, or the lack thereof, at controlling invasive species directly affect Hawaii agriculture's ability to produce and to maintain high quality standards for which Hawaii is known. And federal transportation restrictions such as the Jones Act can and do effectively prevent Hawaii agriculture from getting its product to mainland markets timely and affordably. (This has been a particular problem for Hawaii ranching.)

Federal agricultural conservation programs are crucial to our overall efforts to preserve and enhance Hawaii agriculture. The first category of such efforts is our basic natural resources conservation programs. The second are those programs targeted at incentivizing farmers and ranchers to retain their lands in productive agricultural use rather than convert to urban uses. The third are those targeting invasive threats to productive farm and ranchland use. Our great panel of witnesses will express better than me what is and isn't working with these programs.

Specific issues: For my part, I want to highlight a few issues for our mutual consideration as we move into our hearing:

1. Hawaii share of overall federal agriculture funding and federal conservation programs specifically. One of my primary objectives in seeking membership

on the House Agriculture Committee was to address why Hawai'i has received such a miniscule share of overall agricultural assistance from the federal government in comparison with other states. I append for the record a chart illustrating this point. Of the 50 states, Hawai'i comes in dead last in government support per dollar of agricultural production. Whereas North Dakota received an annual average of 17 cents per dollar of agricultural production over the period 1992-2002, Hawai'i received less than half a cent. The value of Hawai'i's agricultural production is 11 times that of Alaska, but Alaska received almost 3.5 cents per dollar of production over this period. This must be addressed.

On conservation programs specifically, last June 4th, our Subcommittee held a hearing on the Conservation Title of the Farm Bill. At that hearing, I expressed concern that Hawai'i was getting such a small allocation for Farm Bill conservation programs: approximately $3.9 million for our initial allocation in FY2003. (This amount was subsequently increased to $4.6 million.)

I am grateful that the Agriculture Committee in formulating the 2002 Farm Bill included a regional equity provision to ensure that states like Hawai'i receive a minimum of $12 million for conservation programs, not including the Conservation Reserve Program, the Wetlands Reserve Program, and the Conservation Security Program. Based on this provision, I am very pleased to see that Hawai'i's allocation was almost tripled in FY2004, for a total of $12.9 million.

2. Invasives/preservation. Hawai'i is home to the great majority of the nation's endangered species, and we are especially susceptible to invasive plants, animals, and insects due to our year-round growing season, lack of predators, and inability to adequately control imports. As I am sure we will hear from our witnesses today, Farm Bill conservation programs have allowed ranchers and farmers in Hawai'i to protect streams and rivers, reduce soil erosion, and improve habitat for threatened and endangered native species.

I am encouraged by the growing response to and interest in these programs in Hawai'i. I know that this is due in large part to the leadership of our State Conservationist Larry Yamamoto and the work of his dedicated staff.

Some programs, like the new Grassland Reserve Program, which you, Chair Lucas, authored, are so popular that we could not fund the great majority of applications received: only five contracts out of 34 applications were signed. The $7.5 million GRP backlog from FY2003 will just barely be dented by the $1.3 million we received for the program in FY2004. I hope that the USDA will make additional funds available for Hawai'i under this program in future years.

I am also looking forward to learning of innovative uses of these programs in Hawai'i. I would be interested in knowing how much discretion we have in using Environmental Quality Incentives Program (EQIP) funds for invasive species control. For instance, could commercial plant nurseries use EQIP funding to control or eradicate the Caribbean tree frog (coqui) that poses such a serious threat not only to the ability of these growers to market their product but to Hawai'i's ecosystem as a whole.

This year is the first time Hawai'i has received an allocation under the Farmland and Ranchland Protection Program. I know from my meetings with government leaders in the counties and state that preserving agricultural land from development is a major concern. I am hopeful that this program will allow us to move forward in this area.

2. Conservation Reserve Enhancement Program. We will hear that he State is working on finalizing a Conservation Reserve Enhancement Program (CREP) and associated Coordinated Conservation Plan for submission to the U.S. Department of Agriculture. The Hawai'i CREP focuses on assisting farmers and ranchers in high priority watersheds in Hawai'i with a large agricultural base and that drain into marine areas that support significant and imperiled coral reefs. The program is designed to enroll 30,000 acres of cropland and marginal pastureland in the program in 15-year CRP contracts. By assisting in controlling erosion and restoring riparian areas with native species, the plan would have a significant positive impact on coral reefs, endangered species, and water quality. I look forward to hearing from our witnesses today who are representing the State Departments of Land and Natural Resources and Agriculture as to the progress of this plan.

I am excited about the potential of this proposed CREP plan to help prevent soil runoff into the ocean, which has been a serious problem on many of our islands and has caused extensive damage to valuable coral reef ecosystems and the marine life on which they depend. Hawai'i is home to some 80 percent of coral reefs in U.S. waters, and the reefs surrounding the main Hawaiian islands have suffered degradation due to soil runoff and invasive species. Hawai'i badly needs the level of assistance this Conservation Reserve Enhancement Program could bring.

4. Adjusted gross income limitation. Finally, I want to address the Adjusted Gross Income (AGI) issue, which is a major impediment to fully realizing the potential of Farm Bill conservation programs in Hawai'i. AGI restrictions serve to effectively eliminate some 80 percent of agricultural lands from participation in conservation programs. Some 25 landowners own 50 percent of the private land in Hawai'i and a mere 150 landowners own 80 percent of the land. Many of the landholdings reflect the traditional Hawaiian *ahupua'a* land parcels, which run from the mountain to the sea. Therefore, a landowner may have a marginally profitable agricultural operation on a portion of his or

her land, but may have a profitable hotel or commercial operation on coastal lands.

The AGI provision bars nearly all of the land owned by large landowners from participating in federal conservation programs despite the fact that agricultural operations in Hawai'i are under financial stress. Keeping this land in agriculture is a high priority to the people of Hawai'i who treasure the rural character of our state. Providing incentives for large landowners to participate in conservation programs makes sense in Hawai'i where many endangered species are very localized. At the very least, we should have the option to have our State Conservationist waive the AGI limitation in cases where including large landowner would provide significant benefits to endangered species or coral reef ecosystems. Given Hawai'i's position as the endangered species capital of the world, it is more important that we be able to use conservation programs as an incentive for all farmers and ranchers to practice conservation rather than as a tool to augment the incomes of smaller ranchers and farmers.

Thank you again, Chair Lucas, and our subcommittee staff, and our witnesses and audience, for being here today. I look forward to a very productive hearing, and to our mutual effort toward strengthening our conservation programs and agriculture overall not only in Hawaii but throughout our great country.

Aloha!

HAWAII RANKS LAST IN GOVERNMENT SUPPORT PER DOLLAR OF AGRICULTURAL PRODUCTION

Annual Averages 1992 – 2002				
Rank	**State**	**Government Payments**	**Value of Production**	**Payments per Dollar of Production**
		(thousands of dollars)		
1	North Dakota	$596,086	$3,412,690	$0.17
2	Montana	$330,209	$2,097,898	$0.16
3	Louisiana	$287,039	$2,177,817	$0.13
4	Illinois	$933,433	$8,591,471	$0.11
5	South Dakota	$431,924	$3,984,506	$0.11
6	Iowa	$1,170,318	$11,989,471	$0.10
7	Arkansas	$536,872	$5,591,469	$0.10
8	Minnesota	$775,539	$8,299,765	$0.09
9	Kansas	$762,281	$8,558,999	$0.09
10	Mississippi	$304,074	$3,486,753	$0.09
11	Missouri	$461,025	$5,293,741	$0.09
12	Indiana	$453,689	$5,485,510	$0.08
13	Texas	$1,163,846	$14,831,125	$0.08
14	Nebraska	$763,645	$9,772,609	$0.08
15	Oklahoma	$305,854	$4,344,440	$0.07
16	Ohio	$333,633	$5,367,302	$0.06
17	Michigan	$218,385	$3,882,886	$0.06
18	Tennessee	$144,466	$2,636,229	$0.05
19	Colorado	$240,332	$4,789,498	$0.05
20	South Carolina	$80,473	$1,651,648	$0.05
21	Wisconsin	$303,610	$6,360,988	$0.05
22	Georgia	$258,103	$5,661,122	$0.05
23	Idaho	$161,961	$3,640,922	$0.04
24	Kentucky	$154,650	$4,029,523	$0.04
25	Washington	$214,911	$5,742,123	$0.04
26	Wyoming	$36,104	$980,947	$0.04
27	Alabama	$134,678	$3,734,882	$0.04
28	Alaska	$1,651	$47,649	$0.03
29	New Mexico	$68,207	$1,969,957	$0.03
30	Arizona	$76,075	$2,460,860	$0.03
31	Utah	$31,689	$1,095,847	$0.03
32	Virginia	$69,755	$2,678,221	$0.03
33	New York	$82,041	$3,295,427	$0.02
34	Oregon	$88,419	$3,588,031	$0.02
35	Maryland	$40,029	$1,685,356	$0.02
36	North Carolina	$178,030	$8,488,092	$0.02
37	Maine	$10,959	$545,523	$0.02
38	Vermont	$10,147	$560,845	$0.02
39	California	$428,891	$25,214,960	$0.02
40	West Virginia	$8,163	$489,738	$0.02
41	Pennsylvania	$69,277	$4,517,136	$0.02
42	Delaware	$11,015	$797,238	$0.01
43	Nevada	$5,300	$384,603	$0.01
44	New Hampshire	$2,314	$170,195	$0.01
45	Massachusetts	$5,236	$489,054	$0.01
46	New Jersey	$9,009	$882,635	$0.01
47	Connecticut	$4,979	$532,144	$0.01
48	Florida	$60,725	$6,806,400	$0.01
49	Rhode Island	$431	$64,197	$0.01
50	**Hawaii**	**$2,599**	**$547,122**	**$0.00**
United States Total		$12,822,082	$213,707,562	U.S. average $0.06

Source: Economic Research Service, USDA, Farm Income data at ttp://www.ers.usda.gov/Data/FarmIncome/finfidmu.htm